

MAGI Income and Program Integrity FAQ

If I pay education expenses with a student loan, can I still claim an education deduction?

Yes, the fact that you received the money as a result of a loan makes no difference if it was used for educational expenses. You may refer to [WAC 182-509-0320](#) and [WAC 182-509-0335](#).

Does work study count as countable income? (considered financial aid, but taxable)

For MAGI-related Medicaid, neither state nor federal work study is countable, regardless of taxability. You may refer to [WAC 182-509-0335](#)(5).

For MAGI income, do SSA Survivor Benefits count for minor children? (there is no option to report income for children under the age of 14 in the online application).

Currently Healthplanfinder does not support the reporting of income for children under the age of 14. Watch for system enhancements in July 2016 to allow income reporting for children under age 14. Information regarding this change will be shared prior to July 2016.

Is all Labor and Industries (L&I) income non-countable, or must it be an L&I pension to be non-countable income?

Income received from L&I is excludable for MAGI whether it is time-loss or pension. You may refer to [WAC 182-509-0320](#).

If an individual is selected for a post-eligibility review and he is asked for his last 30 days of income proof; how would that work if he reported \$1000/mo?

Regardless of the person's income we would need whatever proof of income is available that reflects his average monthly income. That proof could be in the form of wage stubs, a statement from his employer, or a complete copy of his most recent tax return, if self-employed.

What is the 5% Federal Poverty Level (FPL) income deduction?

The 5% income deduction replaces all prior forms of income deductions allowed previously by the Department of Health and Human Services. This amount is calculated from the current year's FPL by taking 5% of the 100% FPL number based on household size (not by program limit). See the [webinar scenario slides](#) for an example. You also may refer to [WAC 182-509-0300](#).

If I take a one-time withdrawal from an IRA, is that considered a lump sum?

Yes, a one-time withdrawal from an IRA is considered a lump sum. You may refer to [WAC 182-509-0375](#).

Is an employment bonus considered a lump sum?

A bonus that is not expected to be received on a continuing basis is considered a lump sum. You may refer to [WAC 182-509-0375](#).

Would a bonus be reported on a W-2?

Yes, an employment-related bonus would commonly be reported to the IRS on a W-2. If Questionable, HCA may request additional verification.

What if the person reports being self-employed but has not filed taxes this year or in previous years?

As a navigator, accept the net self-employment income the applicant is attesting to. If more verification is needed, HCA will ask for a recent 'profit and loss' (PL) statement for a three month period. The PL statement would include an accounting of what money came into the business during the months and amount of expenses paid for the same period. You may refer to [WAC 182-509-0365](#).

Often a pastor receives a housing stipend as part of their salary package. They do not pay tax on it, but they do pay social security tax on it. Would this be considered countable income for MAGI?

It is highly dependent on how the church does their bookkeeping and how the individual files their taxes. HCA may request the tax return or a statement from the church, with the breakdown for in-kind versus salary income.

If a client is self-employed but does not file taxes, how do we input their income?

Please declare (self-attest) in the Healthplanfinder what their net income is after expenses (deductions). You may refer to [WAC 182-509-0365](#).

For self-employment income do we use the Adjusted Gross Income (AGI) on the 1040 for the net monthly?

No, AGI includes all income and deductions that are received by the tax filing unit. Net self-employment income is reported on lines 12 or 17 of the 1040, depending on the type of business the client has. Refer to the [Self-Employment slides](#) for more information.

Is Pregnancy coverage treated like newborn income, in that eligibility coverage remains, no matter how much the income changes?

Yes, pregnant women and children receiving Apple Health coverage are not required to report changes in income within their current certification period. If they are income eligible in the month of application, they remain income eligible through the certification period.

What is the difference between Title I vs Title II for Social Security and Railroad Retirement (RR) income?

For Medicaid, there is no functional difference between railroad retirement and SSA regardless of tier. RR Tier 1 mimics SSA for the working individual; RR Tier II was designed to provide benefits to spouses and dependents. The rules for what counts for entitlement programs are the same.

When does a change in income have to be reported?

Changes should be reported within 30 days or as soon as they are known. For MAGI-related Medicaid, we require changes in income that are expected to last for 30 days or more to be reported.

Is the change of income report, + or - \$150 of income change and is it for 3 consecutive months?

An increase or decrease of \$150 or more must be reported within 30 days, if the change in income is expected to last more than 30 days.

What are consequences for reporting an income change after a month?

The individual has the legal obligation to report ongoing changes within 30 days of the change. Failure to do so may result in termination of coverage or possible overpayments.

Does legal guardianship count for household size?

Under MAGI rules, household size is dependent upon the household's tax filing status.

What is the difference between AGI and MAGI, for instance only part of SSA is taxable...is only part of the taxable SSA to be counted?

Refer to the [MAGI Income training slides](#) for descriptions of AGI and MAGI. Under MAGI rules, SSA income is countable, even though traditionally the IRS considers this income non-taxable.

Can child support be counted as a deduction?

Under MAGI-related Medicaid, child support is not a deduction, so that should not be declared as a deduction in Healthplanfinder. You may refer to [WAC 182-509-0320](#).

Do you have to report tips on top of your wages from your employment?

Tips are a reportable part of your income and need to be declared, if not already included on your wage stubs. You may refer to [WAC 182-509-0330](#).

Can you further explain how we would report rental income in Healthplanfinder if there was a loss of income? Would we still need to report the loss amount? Such as if someone has rent of \$850/month, but mortgage is actually \$900/month.

A net loss needs to be reported in HPF as \$0.00. There is no deduction for income that results in a net loss. You may refer to [WAC 182-509-0365](#), [WAC 182-509-0370](#) and IRS rules.

If someone has rent at \$850/month, but mortgage is actually \$900/month, does that get reported?

Per IRS rules, only the mortgage interest is an allowable IRS expense (which is variable) for rental income. If you receive \$900/month for rent and pay \$850/month in mortgage, the net rental income is not \$50.00 a month. You may refer to <https://www.irs.gov/pub/irs-pdf/f1040se.pdf> for more on allowable rental expenses.

Are we required to ask for verification of income if a client says he/she stopped working overtime and will not work overtime next week?

You need to only input what income the individual self-attests. If you suspect things may be different, please refer the case to the [HCA Fraud inbox](#).

How does Estate recovery play into Apple Health coverage?

By law, the State of Washington may recover the costs it paid for certain types of medical services from your estate through Estate Recovery ([WAC Chapter 182-527](#)). Estate Recovery doesn't happen until after your death, the death of your surviving spouse, and your surviving children are age 21 or older. It also doesn't happen if a surviving child was blind/disabled at your time of death. Recoverable costs include:

- Certain Washington Apple Health long-term services and supports, if you're age 55 or older at the time you received the services;
- Certain state-only funded services, regardless of your age at the time you received the services.